

As regards the *length of proceedings*, the new Law on Courts includes provisions aimed at ensuring the right to be heard within a reasonable time. Some steps have been taken to promote alternative dispute resolution. Amendments were made to the Civil Procedure Code prohibiting the introduction of new facts or evidence at the appeal level. However, the Court of Appeal still has to send cases back to lower courts even if the evidence contained in the file would have been sufficient to decide on the case at the appeal level.

The excessive length of court proceedings in Croatia remains a serious problem. Global statistics indicating the average duration of proceedings before the Croatian courts, at different levels, are not yet available. This makes the calculation of the judges' workload and efficiency difficult. In November 2005, the Supreme Court began collecting statistics on cases pending for more than 3 years for criminal cases and more than five years for civil cases. Since January 2006, a new computerised statistical system has been setup for the registration of new cases in all courts. Not all cases are covered therefore. Those covered are not necessarily in the same statistical system. A system of comparable data and a detailed analysis of the duration of proceedings before the different courts has to be developed, identifying the types of cases which have been pending for excessive periods, and the reasons for the delay.

Several significant reforms which have been planned for several years are still outstanding, including placing limits on the number of times appealed cases can be remitted back to first instance, clearer rules governing the postponement of court proceedings, an overhaul of the system of attorneys' fees, streamlining of the court document delivery system and tackling divergences in case law across the country.

Implementation has begun of the comprehensive new **judicial reform** strategy adopted by the Government in September 2005 and approved by Parliament in February 2006. However, question marks remain over financing and precise deadlines. An action plan has been drafted but lacks sufficient detail to allow for proper implementation of the reform and its monitoring.

A 2-person unit within the Cabinet of the Minister of Justice has been set up to monitor progress made in the reform of judiciary. However, in view of the scope of the reform challenges, reinforcement is necessary not only in terms of monitoring and follow-up but also within the Ministry of Justice more generally, accompanied by the strong political support necessary. There has only been tepid support for the reform process from the Bar association, which also lacks strong self-regulation of the profession. Increase support from judges themselves, which is fundamental for the success of the reform process, is also of crucial importance.

As regards prosecution services, reform of pre-trial proceedings is still pending. Equipment of municipal prosecutors remains insufficient.

There has been some progress in the area of **anti-corruption** policy and measures.

The Croatian Parliament approved in March 2006 a new anti-corruption programme 2006-2008 with special attention devoted to areas where perceived corruption is widespread, including the judiciary, health services, local government and public administration, political parties and the economy and science. A number of ambitious sectoral actions plans were subsequently prepared by each Ministry. The Minister of Justice was appointed as coordinator.

The legal framework to combat corruption is largely in place. Changes to the Criminal Code which entered into force in October 2006 raised the maximum sentences for certain corruption related crimes. Legislation on the financing of political parties has been presented to Parliament.

Efforts have been made to bolster the capacity of the Office for the Prevention of Corruption and Organised Crime (USKOK). The head of USKOK was replaced in November 2005, staff numbers have since been doubled to 36 and joint task forces established with the Ministry of Finance and the Police. A cooperation agreement was signed between the Ministry of Finance, USKOK and the Tax Administration. In this context, the recent meeting of the President, the Prime Minister and Speaker of Parliament, where they announced an intensification of the fight against corruption is a positive first step.

However, information on material and financial means for the programme's implementation as well as its monitoring is lacking. The success of the national strategy for preventing and combating corruption will rely to a large extent on strong and efficient coordination by the relevant authorities and the provision of sufficient financial and human resources.

The question of financing of election campaigns is not included in the legislation. Clarifications on the Right of Access to Information Law are also needed. The scope of the Law for the Prevention of Conflict of Interest should be widened to ensure proper sanctions can be applied. Also, authorities need to develop public written interpretative guidance of the current prohibitions for public officials in this respect.

Problems with the uniform implementation of the law and its enforcement persist. Efforts need to be turned into concrete action, such as the recent awareness-raising activities with participation of USKOK. Some high-profile cases have recently come under investigation, although the absolute number remains for the time being low. Investigations are often not sufficiently broad or thorough. Greater efforts to proactively prevent, detect and effectively prosecute corruption are clearly needed. Attention should be paid to high level and political corruption as well as to prevention and awareness-raising on the negative impact of corruption, including on the investment climate. An overall statistical methodology is also needed in order to better monitor corruption. Too often high profile and other cases that appear in the media – whether well founded or not – disappear from view unresolved. The general attitude of the authorities to corruption is reactive rather than proactive. On-going allegations of corruption in connection with coalition-building following the 2005 local elections (which led to repeat elections in some cases) for example need to be seriously investigated and appropriate action taken. There has also been no comprehensive follow-up to allegations of financial corruption connected with a construction materials company brought to light by the incident at Pozega-Slavonia County Assembly in December 2005.

Overall, corruption continues to be a serious problem in Croatia that affects various aspects of society. Public perception of corruption has actually deteriorated over the past year. There has been no successful prosecution of any high-profile case to date. General tolerance of petty corruption appears to be widespread. Corruption in Croatia is aided by a lack of good governance, transparency and accountability in public administration and by a lack of ethic codes and codes of conduct in the public and private sectors.

As regards **fundamental rights**, there have been some new developments.

In May 2006, the *Ombudsman* submitted his 2005 annual report to Parliament. According to the report, 1,653 new complaints had been received, a decrease compared to 2004 (2,011). Most of the complaints, as in previous years, related to the length of administrative proceedings, particularly in the areas of pension insurance, reconstruction, construction and urban planning, as well as obstacles faced by returning refugees. It has also become common practice that state administrative bodies do not respond within the legal timeframe. The other main group of citizens' complaints concerned the length of judicial proceedings, although the Ombudsman has no competence over judicial issues. The Ombudsman warned that the current practice of filling administrative posts with politically suitable staff has a negative effect on the professionalism and continuity of the State administration. Despite a further increase in funding for 2006, the work of the Ombudsman is limited by a lack of funding and personnel.

As regards *prohibition of torture, inhuman and degrading treatment and punishment* in March 2006 the European Court of Human Rights ruled in the *Cenbauer v. Croatia* case that there had been a violation of Article 3, condemning Croatia for degrading treatment of a former prisoner of the Lepoglava State Prison. While Croatia has already addressed this case, challenges remain as regards prison conditions more generally. In March 2006 the Office of the Ombudsman issued the first comprehensive report on the Croatian prison system, concluding that prisons were suffering from overcrowding and poor hygienic and medical conditions. Overcrowding of prisons is to a large extent due to slow judicial procedures as up to 50 percent of prisoners are on remand awaiting verdict. There is also a need to increase the number of employees in the network of prisons, including guards, and to provide adequate training.

As regards *the right to protection of personal data*, alignment with the data protection Directive and the Council of Europe recommendation regulating the use of personal data in the police sector remains to be completed. The Croatian Personal Data Protection Agency has been fully operational only since April 2005. Effective application of its supervisory and control powers is still lacking, in particular as regards the public administration, especially the police, and the telecommunication sector.

As regards *the freedom of expression and information*, the sanction of prison for journalists in cases of libel was removed from the Criminal code in July 2006. However, there have been instances of political interference in the media (*see political criteria – Civil and political rights*).

Right to property is ensured. However, the process of restitution of property that was confiscated during the Yugoslav regime continues to proceed slowly.

In terms of *non-discrimination* policy, there has been limited progress. The Penal Code was amended in June 2006 to include a wider definition of "hate crime". However, a comprehensive national strategy and action plan on the suppression of all forms of discrimination – an important partnership priority - has still not been adopted. This process should be accelerated. Public awareness regarding these issues needs to be raised. The level of protection against discrimination and its judicial prosecution is still not in line with EU standards.

In the field of **women's rights**, the National Policy for the Promotion of Gender Equality came into effect in 2006, covering the period up to 2010. The Office for Gender Equality has also initiated the creation and networking of county gender-equality committees. In November 2005, trained around-the-clock teams were established in police departments to

deal with family violence. Enforcement of existing provisions on gender equality remains problematic, however, and is hampered by the absence of gender-segregated statistical indicators. Concern has been voiced over a growing number of cases of discrimination against women. Overall, the work of the Ombudsman for Gender Equality lacks visibility.

As far as *the right to an effective remedy and to a fair trial*, there has been limited progress. There has been some progress in tackling ethnic bias in war crimes trials. However, difficulties as regards witness protection in the broadest sense remain (*see political criteria*). An integrated legal aid system for both criminal and civil proceedings still needs to be put in place. Croatia needs to adopt the foreseen legislation as soon as possible and provide the necessary training and funds for its implementation.

In the area of *children's rights*, a National Plan for the Benefit of the Rights and Interests of the Child 2006-2012 was adopted in March 2006. In the same month, the Parliament finally nominated a new Ombudsman for Children, after the post had been vacant for several months.

There has been little follow-up to the Parliament's Committee for Human Rights finding in October 2005 that there was a lack of proper supervision of children's homes and inadequate coordination among the bodies involved. There is a lack of experienced professionals working in social welfare centres, schools and children's homes. There has been little follow up of cases of ill-treatment of children in such institutions.

There has been some progress in the area of *minority rights*. However, a number of important challenges still remain (*see political criteria*).

As regards **EU citizens' rights**, there have been no particular developments.

Conclusion

Croatia has made some progress. However, given the scope of this chapter, substantial efforts will still be required overall. Progress is being made in the judicial reform process but reform is at an early stage and improving the functioning of the judiciary remains a major challenge for Croatia. There has been some progress in the fight against corruption, but this issue remains a serious problem. The situation as regards fundamental rights in Croatia leaves scope for further improvements in various fields, notably as regards non-discrimination.

4.24. Chapter 24: Justice, Freedom and Security

In the field of **Schengen and external borders**, progress can be noted in the area of border management, in particular regarding land borders. The situation on the blue border requires special attention but is in the process of improving. A working group for integrated border management (IBM) has been established and met on five occasions. Inter-agency cooperation works well in practice at the border posts and has benefited from the separation of the Border Police from the general police structures. Shortage in staffing remains an issue and stands now at 4,643 border guards. The IBM strategy was adopted in April 2005. Overall, staffing targets and training need to be clarified, based on an updated IBM Action Plan, which is a key element for accession negotiations in this chapter.

Progress was noted in the area of **visa policy**, mainly on visa issuing procedures and technical equipment. Croatia has further aligned to the EU visa negative list by introducing visa requirements for Ecuador as of December 2005. The exemption of the visa regime for citizens

of Serbia and of Montenegro was extended for the whole of 2006. Croatia's visa policy is broadly in line with the EU's, but alignment with the Visa Regulation 539/2001 will need to be gradually completed before accession. Croatia needs to prepare for the introduction of biometric identifiers into passports and travel documents.

Thirty two diplomatic missions and consular offices are now linked by online connection to IKOS, the information system of the Ministry of Foreign Affairs and European Integration. An Action Plan for linking up all diplomatic missions and consular offices into an information network was adopted in January 2006, under the coordination of the Ministry of Foreign Affairs.

In the field of **migration**, the legal framework for dealing with both legal and illegal migration is in place, although a coherent migration strategy is still missing (the current one was sent back by Parliament in May 2006). During 2005, around 3,814 work permits and 3,356 business permits were issued, mainly to nationals of Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia. In 2005, 5,406 illegal border crossings were registered, although there are signs that only a fraction of actual cases are detected. Croatia has 24 readmission agreements in force and further readmission agreements are under preparation with Moldova and Ukraine.

The illegal migration deportation centre at Jezevo has a capacity of 116 beds, and overcrowding remains an issue. Forced expulsions from Croatia in 2005 were 1,760 and about 750 expulsions took place in the first half of 2006.

The **Asylum** Act, which entered into force in July 2004, brings the legislative framework closer into line with the *acquis* and the Geneva Convention, by guaranteeing the basic rights of asylum seekers. However, the new Act does not cover accelerated procedure, temporary protection as well as special procedures at airport and harbours. Currently, asylum decisions of the Ministry of Interior can be appealed, with suspensive effect, to the Government Commission deciding Asylum Appeals. The latter's decisions are subject to judicial review by the Administrative Court, without suspensive effect. Croatia should step up preparations for participation in Dublin and EURODAC systems. The number of asylum seekers is low: there were 210 applications in 2005. Although all the relevant by-laws adopted so far allow for the integration of recognised refugees (family reunification, education, and access to work), it is impossible to assess their functioning as there has, to date, been no recognised refugee in Croatia.

Progress can be reported on the opening of a temporary asylum reception centre, in June 2006, at Kutina where about 20 asylum seekers have stayed so far. The centre has a capacity of 100 beds.

As there are no detention facilities at the border, asylum seekers are transferred from the border immediately to Jezevo for registration and then on to Kutina, if seeking asylum. Often asylum seekers just disappear during this transfer process. In order to enhance transparency, the current asylum appeal process handled by the Government Commission needs reviewing and the role of the Administrative court clarified.

Police cooperation and the fight against organised crime continue to work well, with further progress expected as reorganisation plans get underway. Four pilot schemes on community policing have been introduced in major urban areas. The operational agreement with Europol has been ratified by Parliament in June 2006. Neither Europol coordination unit nor a unit on counterfeiting the Euro has been set up yet. Croatia should consider the posting of a liaison officer at Europol.

In the field of organised crime, the strategy on the confiscation of assets from organised crime should be further developed, with issues linked to arms trafficking remaining a priority. The recent operation "Trigger" led by the Office for Combating Corruption and Organised Crime (USKOK), in which a large number of firearms were seized, demonstrated good cooperation with neighbouring countries. This regional cooperation should be further promoted in order to tackle various illicit trafficking offences such as trafficking in human beings, firearms, drugs and goods in a joint approach by Governments and all relevant law enforcement agencies, state prosecutors and judicial authorities.

As regards administrative capacity, training at the Police Academy should be more closely tailored to policing needs, and there should be an increased focus on continuous in-service training for existing officers in the field. Closer cooperation between the public, the private sector and law enforcement agencies is needed to establish the public private partnership to prevent and combat organised and financial crime, as well as terrorism, based on EU best practices. With regard to equipment and infrastructure, the police force urgently needs an internal network linking the headquarters of the General Police Directorate with the 20 police districts and 175 police stations throughout the country, in line with modern standards. The Forensic Institute is well equipped and staffed, but still needs to introduce the Automated Fingerprint Identification System.

As of June 2006, Croatia has signed international police co-operation agreements with 23 countries, the latest with Moldova, and participates in several regional initiatives.

In February 2005, the Act on the Office for the Prevention of Corruption and Organised Crime (USKOK) was amended to broaden its competence, as well as that of the courts. For the time being, USKOK is not properly staffed and equipped to address all of the tasks in its mandate. USKOK does not have the administrative capacity to fulfil its central coordinating role between all agencies and courts involved in cooperation with international bodies in joint investigations, as well as local, regional and national level.

In general, there is a need for a more pro-active stance in the investigation and prosecution of organised crime, including money laundering (*see Chapter 4, Free movement of capital*) and corruption. The capacities within law enforcement to apply EU best practices on investigation techniques, intelligence models and use of organised crime threat assessments should be enhanced in order to be able to contribute actively to the European organised crime threat assessment (OCTA). In addition, the designation of a service with competencies to protect the euro against counterfeiting is needed.

Croatia has ratified a number of international instruments on the **fight against terrorism**. Twelve UN instruments on terrorism have been ratified. The International Convention for the Suppression of Acts of Nuclear Terrorism was signed in September 2005 and still needs to be ratified.

Croatia is at an advanced stage in taking into its legislation the definitions of crimes related to terrorism as required in the *acquis*, but there is a need for further alignment regarding the definition of terrorism. A national co-ordination arrangement for the day-to-day exchange of information, involving all law enforcement bodies and security services involved in countering terrorism, has not yet been established. Direct cooperation and information exchange with EU instances needs to increase.

On the **fight against drugs**, a National Strategy for Combating Drug Abuse was adopted by parliament in December 2005, emphasizing the need for an integrated and, multidisciplinary strategy in the field of drugs. On the basis of this strategy, an Action Plan on Combating Drug Abuse (2006-2009) was adopted in February 2006. Croatia has applied to participate in the work of the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) in 2005. Strengthening the national Focal Point and starting to submit data on key indicators, remain a priority. On **customs cooperation**, legislation in the field of customs co-operation in criminal matters needs adaptation to be ready to join, by the date of accession, to the Convention on Mutual Assistance and Co-operation between the Member States (Naples II) and the Convention on the use of Information Technology for customs purposes (CIS). The required number of customs officers and of IT equipment, will need to be assessed, in particular for the prevention and the fight against crime.

As regards **judicial cooperation in criminal and civil matters**, a new Act on Mutual Legal Assistance in Criminal Matters entered into force in July 2005 and covers inter alia extradition, enforcement of foreign judgements and international legal aid. The quality of the transposition and implementation of the *acquis* in the area of judicial cooperation both in civil and penal matters is closely dependent on the efficiency and reliability of the justice system. Participation in the European Arrest Warrant system will require an amendment of the general prohibition to extradite own nationals, which is laid down in Article 9 of the Croatian constitution.

Conclusion

Progress can be reported in this chapter, particularly in border management, visa policy and asylum. However, the integrated border management action plan should be updated and equipment needs upgrading. , Alignment with the *acquis* in this chapter is well underway but continued and sustained efforts are needed to ensure administrative and enforcement capacity particularly regarding multidisciplinary inter-agency cooperation, including law enforcement authorities, customs service, prosecutors and the judiciary system as well as the prevention of corruption and fight against organised crime.

4.25. Chapter 25: Science & Research

There has been good progress in the area of **research policy**. In May 2006, Croatia adopted the 'National Scientific and Technological Policy 2006-2010' which sets out both short-term and long-term strategic aims, establishes a new financial instrument, and defines new rules and procedures for individual research grants and existing research programmes. The National Science Council, assisted by the Agency for Science and Higher Education, has also adopted a series of implementing regulations in the area of science. However, research grants remain low, and a proper peer review system is lacking. There is room for improvement in terms of participation of industry in research projects.

Croatia continues to take actions to facilitate increased participation in the 6th **Framework Programme** for Research and Technological Development (FP6), following full association to the EC Framework Programme on 1 January 2006. Croatia was not associated with the EURATOM Research Framework Programme under FP6, but is considering its association to the 7th Framework Programme. Regarding the activities of the Joint Research Centre (direct actions), Croatia has been able to fully participate in specific actions organised for acceding and candidate countries.

There have been some initiatives for further integration into the **European Research Area**. Croatia became an observer in the CREST group.

Conclusion

Overall, there has been good progress in this chapter. Croatia has already reached a good level of alignment with the *acquis* in this field. However, continued efforts are required in certain areas, such as budgetary provisions, improved research facilities and human resources capacity building for participation in EU projects and Framework Programmes, and ensuring improvements in the granting of national funds by introducing international peer reviews.

4.26. Chapter 26: Education & Culture

There has been reasonable progress in the area of **education, training and youth**. Croatia is continuing the education reform process under the Education System Development Plan 2005-2010, which establishes a framework of national indicators and benchmarks. Croatia started actively participating in the Education and Training 2010 Work Programme Coordination Group (ETCG). An Agency for Adult Education has been established and an Adult Education Act is in preparation. However, increased efforts are required to develop a coherent and comprehensive national strategy for lifelong learning and to raise participation. Croatia has started preparing a National Qualification Framework. Progress is continuing in relation to the introduction of the Bologna process in higher education study programmes. Further efforts are needed to improve the system of vocational education and training. Croatia has presented an alignment plan regarding the non-discrimination principle in access to education as well as for education of children of migrant workers.

In the area of youth policy, the Operational Plan of the National Youth Action Plan for the period of 2006-2007 was adopted by the Government in December 2005, but some challenges remain, such as the need to improve coordination and communication between youth organisations.

To participate in the Integrated Lifelong Learning Programme and the Youth in Action Programme, Croatia will need to establish the appropriate legal, institutional and administrative framework for the management and monitoring of these programmes.

In the field of **culture**, Croatia ratified the UNESCO Convention on the Protection and Promotion of Diversity of Cultural Expression in May 2006. Croatia has confirmed its intention to fully participate in the Culture 2007 programme.

Conclusion

There has been reasonable progress in this chapter. Croatia has achieved a good level of preparation for implementing the *acquis*. However, further attention will need to be paid to the establishment of the management structures and implementation of the future Integrated Lifelong Learning Programme and Youth in Action Programme, as well as measures to guarantee non-discrimination between EU and Croatian nationals.

4.27. Chapter 27: Environment

Limited progress has been made in the areas of **horizontal legislation**. Croatia made the commitment to ratify the Kyoto Protocol by first quarter of 2007. Efforts are still needed to limit the growth of greenhouse gas emissions in order to meet Croatia's Kyoto target for the period 2008-2012. The transposition and implementation of the Emissions Trading Directive and related decisions as well as the reinforcement of administrative capacity is still outstanding and remain a high priority in this respect. There has been little progress as concerns further transposition and implementation of a number of horizontal directives in the area of environment, such as provisions related to public access to environment information and public participation in environmental decision-making. Revisions are still necessary to bring Croatian legislation in line with the *acquis* on Environmental Impact Assessment. Though some elements are already present in existing Croatian legislation, no progress can be reported on the transposition and the implementation of the *acquis* with regard to the Strategic Environmental Assessment as well as the environment liability and reporting directives. Preparations are underway in this area with the preparation of a new Environment Protection Act to be adopted by end 2006.

There has been significant progress in the area of **air quality**. The Ambient Air Quality Framework Directive has been transposed with the transposition of the daughter directives nearly completed. In addition, some implementing legislation has been adopted. The development of the national network for monitoring air quality continued with the addition of two new stations to the six existing stations in urban and industrial areas. The Directives on quality of petrol and diesel fuels and on the sulphur content of certain liquid fuels have also been transposed and a new Regulation on substances that deplete the ozone layer was adopted, transposing the relevant EU Regulations in this area. However, the transposition of the directives on National Emission Ceilings Directive, Volatile Organic Compound (VOC) from petrol stations and consumer information on fuel consumption as well as on CO₂ on emissions from new passengers' cars is still outstanding. Preparations in this area are well underway.

Some progress can be reported in the area of **waste management**. Transposition regarding the horizontal legal framework is high but limited progress has been recorded as regards further alignment. An ordinance on waste tyres has been adopted. The directive on packaging and packaging waste has been fully transposed and progress in implementation has been significant through the establishment of a new collection system. Progress has also been made regarding transposition of the landfill directive. No significant progress can be reported on the transposition of other Directives concerning different waste streams. In addition, an action plan to implement the waste management strategy is still outstanding. Further efforts are required with regards to deploying the financial resources required for the implementation of the waste *acquis*. Preparations in this area require substantial efforts.

There has been good progress in the area of **water quality**. Due to the adoption of amendments to the Croatian Water Act and of the Act on Financing Water Management in December 2005, transposition of the Water Framework Directive is well advanced. The new legislation has also resulted in some progress on transposition of the Dangerous Substances Directive. However, transposition of all other Directives in this area is still outstanding. Limited progress has been made as regards the development of a financing strategy for the implementation of the water *acquis*. Preparations in this area are underway.

Good progress can be reported in the area of **nature protection**. Through the adoption of the Nature Protection Act and subordinate ordinances as well as the Hunting Act, a good level of transposition has been reached as regards the Wild Birds and Habitats directive. The directives on Wild Animals in Zoos, Leghold Traps and Seal Pups have also been transposed. However, administrative capacity is still insufficient to ensure proper monitoring of nature protection in Croatia. Preparations in this area are on track.

Limited progress can be reported in the area of **industrial pollution and risk management**. No further alignment has taken place as regards the Large Combustion Plants and the Incineration of Waste Directives. Some elements of the Solvents directive have been transposed through the adoption of the Air Protection Act. No progress can be reported on the transposition and the implementation of the *acquis* concerning the industrial pollution and prevention control (IPPC) directive. Preparations in this area are still at an early stage.

No progress can be reported in the **noise** sector. Transposition of the Croatian legislation with the noise *acquis* is limited. Croatian legislation is not yet aligned with the *acquis*. Preparations in this area are only being launched.

Progress has been good in the area of **chemicals** and **genetically modified organisms (GMOs)**. With the adoption of the 2005 Chemicals Act, the division of competences and responsibilities in this area were clarified. The Act also provides the basis for the adoption of implementing legislation. A new Genetically Modified Organisms Act has been adopted in 2005, resulting in almost complete transposition of the Contained Use of GMMs Directive. However, transposition with regard to the Directive on the Deliberate Release of GMOs is still outstanding. Competences for GMOs are spread across many departments. Preparations in this area are underway.

As regards **forestry**, work is ongoing concerning incorporating in the sector provisions existing in the *acquis*.

In terms of *administrative capacity*, following the reorganisation of the Ministry of Environmental Protection, Physical Planning and Construction, the Inspection Directorate has been strengthened both at national and regional level. The Directorate for Environmental Protection and Directorate for Strategic and Integration Processes in Environmental Protection have also increased their number of employees. However, Staffing is still insufficient, especially at local level and the enforcement and inspection system remains weak.

Conclusion

Overall there has been good progress in this chapter, especially on air and water, nature protection, chemicals and GMOs. However, in view of the scope and complexity of this chapter, very significant efforts are still needed. Administrative capacity is weak and strategies for financing the significant investments necessary are lacking. The division of responsibilities for operational aspects of environmental protection and lack of coordination between ministries continues to hamper progress.

4.28. Chapter 28: Consumer and Health Protection

Few developments can be reported as regards **safety related measures**. A Consumer Protection Department with seven staff has been set up within the directorate for trade and internal market of the Ministry of Economy, Labour and Entrepreneurship. Staffing needs to be further reinforced and legislative harmonisation remains to be completed as regards the directives on general product safety and dangerous imitations. Preparations in this field are underway.

No particular progress can be reported in the area of **market surveillance**. Legislative alignment with the regulation on administrative cooperation is outstanding and the capacity and working procedures of the State Inspectorate need to be enhanced, as does the co-operation between different enforcement agencies. Preparations are starting in this area.

No particular progress can be reported as regards **non-safety related measures**. Legislative alignment has been completed or partly completed in most areas but is still outstanding as regards the directives on unfair commercial practices, distance marketing of consumer financial services, injunctions and misleading and comparative advertising. Preparations are underway.

In the area of **consumer organisations**, there has been some progress. During 2005, three counselling centres for consumer protection were established across the country. Funding from the state budget has been allocated to consumer protection organisations during 2006 in connection with a number of projects aimed at informing the consumer. Other awareness raising activities for consumers have included publication of information materials, seminars and workshops.

Good progress has been made in the area of **public health**. In December 2005, a National Strategy for Combating Drug Abuse was adopted for the period 2006-2012 and in February an Action Plan for Combating Drug Abuse was adopted for the period 2006-2009. The new Act on Blood and Blood Components was adopted in June 2006, however, further legal alignment is required. In the reporting period a number of ordinances were adopted which implement the Act on Explantation and Transplantation of parts of the human body for therapeutic purposes, in line with the directive setting standards of quality and safety in connection with human tissues and cells. Preparations in this area are well advanced.

Conclusion

There has been only limited progress. Much legislative alignment remains and market surveillance is far from EU standards. Increased efforts will be needed if Croatia is to meet the requirements of the *acquis* in this chapter.

4.29. Chapter 29: Customs Union

There has been good progress in the area of **customs rules**. Amendments to the Croatian Customs Act entered into force in January 2006. Their objective is to align legislation on national transit to Common Transit requirements and to provisions on customs procedures with economic impact, guarantees and occurrence of customs debt. The amendments also introduce the concepts of 'risk management' and 'authorised economic operator'.

Amendments to the implementing regulation to the Customs Act entered into force in July 2006. They introduce payment of customs duties on equipment used in free zones, as required by the *acquis*, and align time limits for binding opinions. A new regulation on intellectual property rights entered into force in May 2006 aimed at aligning with the relevant *acquis*. Discrepancies to the *acquis* remain in areas such as counterfeit, drug precursors, rules of origin, customs debt, guarantees, summary declarations, customs declaration, cultural goods, cash controls, customs valuation and tariff, management of tariff quotas, duty relief and mutual assistance and cooperation. In the area of customs rules, alignment to the *acquis* is well on track.

Little progress can be reported in the area of **administrative and operational capacity**. The Customs Training Centre started its activities in 2006. A Code of Ethics has been prepared but remains to be formally adopted and implemented. Work has continued in the field of computerisation and interconnectivity and the Croatian Customs Administration has set up project teams for the main IT-interconnectivity projects. The administrative capacity in the IT-field of the Customs Administration remains weak and heavily dependent on external companies, with very limited internal capacity to guarantee the continuity of the IT services. This situation is a reason for concern. More generally the Croatian Customs Administration will require further strengthening to ensure it will be able to manage and implement the *acquis*. In the area of administrative and operational capacity, Croatia only partially meets its targets and priorities.

Conclusion

In the area of customs, Croatia has made some progress, notably by further aligning customs procedures and customers protection of intellectual property rights. Croatian Customs legislation is already well aligned to the *acquis*. However, increased efforts will be needed to significantly strengthen administrative capacity, including with regard to timely preparation for IT-interconnectivity and operating with the centralised and decentralised Community IT systems.

4.30. Chapter 30: External Relations

There has been some progress in the field of the **common commercial policy**. Croatia continued the process of gradual reduction of customs duties, in line with its WTO commitments and bilateral agreements such as the Stabilisation and Association Agreement with the EU. Under WTO commitments, 2007 is the final year for the transitional period to reduce customs duties on agricultural products. In line with a key accession partnership recommendation, Croatia completed negotiations with the Commission in March 2006 on a protocol introducing tariff quotas for sugar replacing the present bilateral regime which permits Croatia to export unlimited duty-free quantity of sugar to the EU. Croatia should continue to co-operate and co-ordinate closely with the Commission in international fora,

mainly with regard to the Doha Development Agenda negotiations, in particular so as to ensure that, upon accession to the EU, its commitments under the GATS are as consistent as possible with those of the Community. The administrative capacity to participate in the common commercial policy requires strengthening.

With regard to dual use goods, Croatia has reached a good level of alignment. It will have to continue to align with the revised list of dual-use items and technology. Croatia will also have to transpose the *acquis* concerning export credits. Overall, in the field of the common commercial policy preparations for accession are well underway.

In the area of **bilateral agreements with third countries**, Croatia has been very active in promoting the simultaneous enlargement and modernisation of the Central European Free Trade Agreement (CEFTA) as a means to upgrading the network of existing bilateral FTAs into a single regional FTA, in line with the relevant European Partnership recommendation. Croatia actively participates in the negotiations to this effect which started in June 2006. A free trade agreement with Kosovo under UNSCR 1244 was initialled in September 2006 and an agreement on trade and economic cooperation with Libya entered into force in March 2006. Also a bilateral investment treaty with Belarus came into force. Croatia will have to analyse all of its existing agreements and, as part of its future EU accession commitments, bring them into conformity with the *acquis*. Preparations in this area are just starting.

Limited progress can be reported with regard to **development policy** and **humanitarian aid**. Croatia has started the process of drafting a development policy as well as reforming the Ministry for Foreign Affairs and European Integration in view of establishing a new department responsible for development policy. Preparations in this area are at an early stage.

Conclusion

Croatia has made some progress in this chapter. Provided Croatia continues preparations as scheduled and improves its administrative capacity, it should be able to apply the *acquis* and participate in the common commercial policy upon accession. Enhanced efforts are needed in the areas of development policy and humanitarian aid.

4.31. Chapter 31: Foreign, Security and Defence Policy

The regular political dialogue between the European Community and its Member States and the Republic of Croatia has continued on the basis of the SAA.

Croatia has remained committed to the development of the **European Security and Defence Policy (ESDP)** including through training and administrative capacity building. In May 2006 Croatia responded positively to the EU's invitation for contributions to building EU military capacity. Croatia has continued to take part in international peacekeeping efforts and is currently participating in eight UN peacekeeping missions.

Concerning the **Common Foreign and Security Policy (CFSP)**, Croatia has continued to align itself with a number of EU sanctions and restrictive measures and statements. Croatia has not signed a bilateral agreement with the USA concerning the non-surrender of certain persons to the International Criminal Court and continues to support the EU position on this

matter. Croatia is party to most of the existing international regimes for non-proliferation of weapons of mass destruction.

As regards the fight against **terrorism**, Croatia is party to the UN conventions in this field. Croatia aligns itself with EU positions and follows the principles of EU counter-terrorism policy.

In 2002, Croatia aligned itself to the EU Code of Conduct on Arms Exports, and in 2005 it joined the Wassenaar Arrangement and the Nuclear Suppliers Group. Croatia has ratified the UN Protocol on Fire Arms. The legislative framework for arms control is now robust. A National Small Arms and Light Weapons Commission and ministerial focus points have been established. Despite improvement in inter-ministerial cooperation and in transparency of arms related information, there remains a need to strengthen implementation and enforcement. There also remains an unwillingness to disclose certain information that is publicly shared in most Member States, such as the number and type of weapons ear-marked for destruction by the armed forces, as well as the majority of issues relating to arms production, import and export.

Concerning relations with **neighbouring countries**, see chapter on Political Criteria.

With regard to **administrative capacity**, the Directorate for the European Union and European Cooperation within the Ministry of Foreign Affairs and European Integration was reorganised and a Section for Common Foreign and Security Policy and EU External Relations was established within the Department for EU Political Issues, in order to work with EU CFSP structures. The post of political director has not been formally established. The post of European correspondent already exists.

Conclusion

Continued progress has been made. Overall, preparations in the area of Foreign, Security and Defence Policy are well underway. Croatia continues to systematically align with EU declarations and other CFSP instruments. However, some gaps remain to be addressed in terms of enforcement in the area of arms control and continued efforts are needed.

4.32. Chapter 32: Financial control

Progress can be reported in the area of **Public Internal Financial Control (PIFC)**. Croatia is developing a PIFC framework law defining requirements for the expected PIFC system. This includes training of persons involved in financial management and control as well as in functionally independent internal audit, reporting requirements on PIFC to the Government and actions to be taken in cases of irregularities and fraud. In addition, the Ministry of Finance has passed regulations such as a code of ethics, a charter, a rulebook and a manual for internal audit. Furthermore, a programme for professional training and examination for the qualification of a certified public sector internal auditor has been adopted. Training and certification of internal auditors is on going within the functional responsibility of the Central Harmonisation Units. Independent internal audit units have been established in 12 out of 13 Ministries. However, the existing internal audit regulations still need to be revised for consistency with the new PIFC framework law and implementing regulations for financial management and control need to be developed. Training of management, financial officers

and auditors needs to be prioritised and continue. Preparations in this area are moving forward.

There has been some progress in the area of **external audit**. The financial independence of the State Audit Office has been strengthened by a new Act affecting certified state auditors' salaries. However, the financial independence of the State Audit Office remains to be addressed, since its budget is included in the State budget prepared by the Ministry of Finance. Croatia is committed to provide the State Audit Office with a legal basis in its Constitution. The State Audit Office has developed audit manuals for both financial audit and performance audits and has started extensive training programmes as well as pilot financial audits and performance audits. Preparations in this area are underway.

Progress has been limited in the area of **protection of EU financial interests**. Within the system of decentralised implementation of EU pre-accession funds, Croatia is subject to provisions requiring the National Authorising Officer to communicate regularly on suspected irregularities and fraud. A whistle-blowing system is in place that protects officials reporting suspected wrongdoings in the administration. Croatian penal law provides for the principle offences of fraud, corruption and money laundering. The Budget Supervision division of the State Treasury has been appointed as Croatia's anti-fraud office (AFCOS). This service will be responsible for ensuring efficient coordination and the fight against fraud and cooperation with the European Anti-fraud Office. No rules are yet in place regarding cooperation during on-the-spot checks by EU investigators or for safeguarding evidence. Croatia still has to fully align its legislation with the PIF-Convention and its protocols. Preparations in this area are underway.

Some progress can be reported in the area of **protection against the Euro against counterfeiting**. An adequate level of police capacity is in place. However, Croatia needs to designate national analysis centres for coins and notes and specific sanctions for credit institutions failing to withdraw counterfeits from circulation need to be established. Moreover, there should be a provision for sanctions against medal and tokens similar to Euro coins. Preparations in this area are on track.

Conclusion

Overall there has been some progress in this chapter, notably as regards Public Internal Financial Control, external audit and protection of the Euro against counterfeiting. More capacity for internal audit and financial management is needed, however. Structures to protect the EU's financial interests need to become operational.

4.33. Chapter 33: Financial and Budgetary Provisions

There has been no particular progress under this chapter. There continue to remain no significant divergences between the Croatian and the EU system concerning the basic principles and institutions in the underlying policy areas linked to the application of the own resources system. Croatia needs to continue its efforts to align with the relevant *acquis* chapters, in particular customs, taxation, statistics and financial control. Although the *acquis* in this area does not require transposition, Croatia will need to establish in due course coordination structures and implementing rules so as to ensure the correct calculation, collection, payment and control of own resources and reporting to the EU for implementation of the own resources rules.

Conclusion

While there has been no particular progress in this chapter, Croatia should be able to meet the requirements of the financial and budgetary provisions *acquis* as long as alignment in the relevant linked chapters continues and the necessary coordination structures and implementing rules are established.

STATISTICAL ANNEX

STATISTICAL DATA (as of the 12th of September 2006)

Croatia

Basic data		Scale	Unit	Foot-note	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Population: total		Thousand	Number	1)	4565.0	4494.0	4572.0	4501.0	4554.0	4427.0	4440.0	4444.0	4442.0	4439.0	4443.9
Total area of the country		Unit (x1)	km ²		56610.0	56610.0	56610.0	56542.0	56542.0	56542.0	56542.0	56542.0	56594.0	56594.0	56594.0

National accounts		Scale	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Gross domestic product		Million	National currency	98382.0	107980.6	123810.7	137603.7	141579.1	152518.8	165639.5	181231.0	198422.0	212826.0	229031.0
Gross domestic product		Million	EUR	14390.9	15657.0	17738.7	19304.9	18876.8	19976.5	22177.0	24468.0	26234.0	28395.0	30949.0
Gross domestic product per capita		Unit (x1)	EUR	3100.0	3500.0	3900.0	4300.0	4100.0	4600.0	5000.0	5507.1	5906.0	6397.0	6972.0
SI: Growth rate of Gross domestic product at constant prices (national currency), relative to the previous year		Unit (x1)	%	.	5.9	6.8	2.5	-0.9	2.9	4.4	5.6	5.3	3.8	4.3
SI: Employment growth (national accounts), relative to the previous year		Unit (x1)	%	.	.	.	0.0	-2.2	-2.2	-0.8	1.5	-0.2	0.4	-0.2
Labour productivity growth: growth in GDP (constant prices) per person employed, relative to the previous year		Unit (x1)	%	.	.	.	5.8	44.6	2.1	4.2	5.2	2.7	2.4	3.3
SI: Unit labour cost growth (national accounts), relative to the previous year		Unit (x1)	%	.	13.8	15.3	14.0	7.0	5.5	2.4
GDP per capita at current prices		Unit (x1)	PPS	5600e	6400e	7000e	7400e	7500e	8200e	8600e	9400e	10000e	10600f	11400f
SI: GDP per capita at current prices, PPS, EU-25=100		Unit (x1)	%	.	39.2e	40.7e	41.5e	39.7e	40.9e	41.4e	43.8e	45.9e	46.7f	48.8f
SI: Labour productivity, PPS (GDP per person employed), EU-25=100		Unit (x1)	%	.	47.0e	48.5e	50.9e	51.5e	49.8e	54.5e	55.2e	57.7e	57.7	60.1f
Agriculture (NACE Sections A+B): share of total gross value added		Unit (x1)	%	10.4	10.0	9.3	9.4	9.7	8.8	9.0	8.7	7.0	6.9	6.7
Industry (excluding construction) (NACE Sections C to E): share of total gross value added		Unit (x1)	%	27.7	25.7	25.9	25.0	24.6	24.7	24.4	23.0	22.8	22.7	23.2
Construction (NACE Section F): share of total gross value added		Unit (x1)	%	5.7	6.6	7.1	6.7	5.3	4.6	4.9	5.3	6.3	6.5	6.4
Services (NACE Sections G to P): share of total gross value added		Unit (x1)	%	56.3	57.8	57.8	59.0	60.4	61.9	61.8	63.1	63.9	63.9	63.8
Final consumption expenditure, as a share of GDP		Unit (x1)	%	91.4	85.5	88.2	86.2	86.0	85.6	83.0	84.0	82.7	81.9	80.7
Final consumption expenditure: household and NPISH, as a share of GDP		Unit (x1)	%	61.5	58.6	62.2	60.3	59.1	59.8	59.8	61.1	60.6	60.7	60.2
Final consumption expenditure: General government, as a share of GDP		Unit (x1)	%	31.0	28.4	26.0	25.9	26.9	25.8	23.1	23.0	22.1	21.2	20.5
—Gross fixed capital formation, as a share of GDP		Unit (x1)	%	15.7	20.5	24.2	23.3	23.3	21.8	22.3	24.3	28.6	28.6	28.6
—Stock variation, as a share of GDP		Unit (x1)	%	1.9	1.5	3.3	0.7	-0.3	-1.6	1.6	4.8	2.5	2.3	2.7

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Exports of goods and services, relative to GDP	Unit (x1)	%	41.3	41.7	41.1	39.6	40.9	47.1	48.4	45.4	47.1	47.4	47.1
Imports of goods and services, relative to GDP	Unit (x1)	%	51.3	51.3	56.8	49.2	49.3	52.3	54.5	58.4	57.9	56.7	55.8

Inflation rate	Scale	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
St: Consumer price index: total (CPI), growth relative to the previous year	Unit (x1)	%	:	:	:	:	4.0	4.6	3.8	1.7	1.8	2.1	3.3

Balance of payments	Scale	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Balance of payments: current account total	Million	EUR	:	:	:	:	-1312.9	-489.9	-817.7	-2097.2	-1866.0	-1458.0	-1963.6
Balance of payments current account: trade balance	Million	EUR	:	:	:	:	-3105.9	-3499.4	-4603.8	-5960.3	-6974.2	-6727.8	-7482.9
Balance of payments current account: exports of goods	Million	EUR	:	:	:	:	4134.1	4969.3	5318.8	5293.1	5571.7	6603.1	7244.3
Balance of payments current account: imports of goods	Million	EUR	:	:	:	:	7240.0	8468.6	9922.6	11253.5	12545.9	13330.9	14727.1
Balance of payments current account: net services	Million	EUR	:	:	:	:	1544.5	2470.5	3302.8	3284.8	4833.0	4715.0	5317.1
Balance of payments current account: net income	Million	EUR	:	:	:	:	-345.5	-419.8	-616.2	-573.8	1069.5	-637.0	-974.2
Balance of payments current account: net current transfers	Million	EUR	:	:	:	:	594.0	958.9	1099.5	1152.2	1244.5	1191.8	1176.3
Balance of payments current account: net current transfers - of which government transfers	Million	EUR	:	:	:	:	-122.9	24.6	65.3	32.2	70.6	2.6	2.2
Direct investment (FDI) in the reporting economy	Million	EUR	:	:	:	:	1369.1	1142.1	1502.5	1195.1	1788.4	989.3	1327.8

Public finance	Scale	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General government deficit/surplus, relative to GDP	Unit (x1)	%	3)	:	:	:	-7.1	-7.5	-6.8	-4.3	-4.8	-5.0	-3.7
St: General government debt, relative to GDP	Unit (x1)	%	4)	:	:	:	33.4	39.7	40.6	40.0	40.9	43.7	44.3

Financial indicators	Scale	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Gross foreign debt of the whole economy, relative to GDP	Unit (x1)	%	:	:	:	47.6	54.1	60.6	60.7	61.5	75.5	80.2	82.5
Gross foreign debt of the whole economy, relative to total exports	Unit (x1)	%	:	:	:	:	132.2	128.7	124.6	135.3	150.8	160.0	167.0
Money supply: M1	Million	EUR	1208.9	1656.4	1976.5	1846.3	1804.8	2372.9	3216.2	4147.9	4431.7	4505.4	5262.9
Money supply: M2	Million	EUR	:	:	:	:	:	:	:	:	:	:	:
Money supply: M3	Million	EUR	:	:	:	:	:	:	:	:	:	:	:
Total credit: credit by monetary financial institutions (MFIs) to total residents (consolidated)	Million	EUR	7042.7	7081.2	8089.9	9131.1	8586.9	9482.5	11891.1	15118.9	16525.9	18416.6	22835.7
Interest rates: day-to-day money rate, per annum	Unit (x1)	%	:	:	9.1	10.3	9.3	6.9	3.0	1.3	4.1	5.6	3.3
Lending interest rate (one year), per annum	Unit (x1)	%	:	22.4	19.3	20.1	20.9	20.6	19.5	16.4	15.0	14.4	12.9
Deposit interest rate (one year), per annum	Unit (x1)	%	:	:	9.3	9.6	9.5	8.2	6.6	5.3	3.8	3.8	4.0
EUR exchange rates: average of period - 1 euro= ... national currency	Unit (x1)	Number	6,780	6,900	6,960	7,140	7,580	7,630	7,470	7,410	7,560	7,500	7,400
EUR exchange rates: end of period - 1 euro= ... national currency	Unit (x1)	Number	6,810	6,960	6,950	7,330	7,680	7,600	7,370	7,440	7,650	7,670	7,380

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	Unit (x'1)	Number	:	:	:	: 95,4	100,0	98,7	96,5	93,7	90,4	89,2
Effective exchange rate index (2000=100)	Million	EUR	1479,0	1867,7	2303,7	2400,2	3012,7	3783,2	5333,6	6554,1	6436,2	7438,4
Value of reserve assets (including gold)												
Value of reserve assets (excluding gold)	Million	EUR	1479,0	1867,7	2303,7	2400,2	3012,7	3783,2	5333,6	6554,1	6436,2	7438,4

External trade		Scale	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
	Trade balance: (all goods, all partners)	Million	EUR	:	:	:	:	:	:	:	-6138,9	-7071,0	-5900,5	-7880,1
	Value of exports: (all goods, all partners)	Million	EUR	:	:	:	:	:	:	:	5188,2	5438,9	6453,8	7069,4
	Value of imports: (all goods, all partners)	Million	EUR	:	:	:	:	:	:	:	11327,0	12509,9	13354,4	14949,5
	Terms of trade (export price index / import price index), relative to the previous year	Unit (x1)	Number	:	:	:	:	:	108,8	98,8	99,7	100,4	109,3	92,6
	Share of exports to EU-25 countries in value of total exports	Unit (x1)	%	:	:	:	:	:	:	:	65,7	67,5	64,6	61,9
	Share of imports from EU-25 countries in value of total imports	Unit (x1)	%	:	:	:	:	:	:	:	71,4	72,1	69,5	65,6

Demography														
	Scale	Unit		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Natural growth rate : crude rate of natural increase (births minus deaths)	Unit (x1)	per 1000		-0,1	0,7	0,8	-1,2	-1,5	-1,5	-1,9	-2,4	-2,9	-2,1	-2,1
	Unit (x1)	per 1000	6)	5,7	7,7	7,4	9,8	4,1	5,3	3,8	1,9	2,7	2,6	.
Net migration rate: number of immigrants minus the number of emigrants														
Infant mortality rate: number of deaths of children under one year of age relative to 1000 live births	Unit (x1)	Number		8,9	8,0	8,2	8,2	7,7	7,4	7,7	7,0	6,3	6,1	5,7
	Unit (x1)	Years		:	:	:	:	:	:	71,1	71,2	71,4	72,0	71,8
Life expectancy at birth: male	Unit (x1)	Years		:	:	:	:	:	:	78,1	78,3	78,4	79,0	78,8
	Unit (x1)	Years		:	:	:	:	:	:	78,1	78,3	78,4	79,0	78,8

Labour market	Scale	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Economic activity rate (15 - 64); proportion of the population aged 15-64 that is economically active	Unit (x1)	%	7)	65.5	63.6	62.8	62.6	62.2	62.2	62.9	62.4	63.2	63.1
SI: Employment rate (15-64); proportion of the population aged 15-64 that is in employment	Unit (x1)	%	7)	58.7	57.1	55.3	53.2	51.3	51.8	53.6	53.2	54.3	55.0
SI: Employment rate (15-64), male; proportion of the male population aged 15-64 that is in employment	Unit (x1)	%	7)	65.8	63.6	61.7	59.0	57.4	59.0	60.1	59.6	60.7	62.0
SI: Employment rate (15-64), female; proportion of the female population aged 15-64 that is in employment	Unit (x1)	%	7)	51.9	50.9	49.4	47.8	45.5	44.9	47.4	47.0	47.9	48.2
SI: Employment rate of older workers (55-64); proportion of the population aged 55-64 that is in employment	Unit (x1)	%	7)	31.1	29.1	25.6	25.9	24.2	23.7	26.8	29.0	30.4	33.6
Agriculture, forestry and fishing (NACE Sections A+B) as a share of total employment	Unit (x1)	%	7)	19.9	17.8	16.5	16.7	11.7	15.6	14.7	16.8	15.0	17.0

Industry (NACE Sections C to E) as a share of total employment	Unit (x1)	%	7)			22.9	23.9	23.5	23.9	22.7	23.1	23.0	21.0	22.0	20.8
Construction (NACE Sections F) as a share of total employment	Unit (x1)	%	7)			6.2	5.7	6.7	6.6	5.9	6.3	6.6	8.1	8.1	8.0
Services (NACE Sections G to J) as a share of total employment	Unit (x1)	%	7)			50.9	52.3	53.1	52.8	59.5	55.0	55.4	53.9	54.1	53.9
SI: Unemployment rate: proportion of the labour force that is unemployed	Unit (x1)	%	7)			10.0	10.0	11.7	14.5	17.0	16.3	14.4	14.4	13.8	12.4
SI: Unemployment rate, male: proportion of the male labour force that is unemployed	Unit (x1)	%	7)			9.6	9.6	10.6	13.5	15.9	14.4	13.3	13.3	11.9	11.0
SI: Unemployment rate, female: proportion of the female labour force that is unemployed	Unit (x1)	%	7)			10.5	10.4	12.9	15.7	18.2	18.7	15.8	15.7	16.1	14.1
Unemployment rate of persons < 25 years: proportion of the labour force aged <25 that is unemployed	Unit (x1)	%	7)			26.7	28.5	31.0	39.2	43.1	41.7	34.4	35.8	33.8	32.0
SI: Long-term unemployment rate: proportion of the labour force that is long-term unemployed	Unit (x1)	%	8)			4.1	4.4	5.4	7.3	9.1	10.1	8.6	8.6	7.4	7.2

Social cohesion	Scale	Unit		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
SI: Inequality of income distribution: ratio of top quintile to lowest quintile	Unit (x1)	Number	9)									4.6		
SI: Early school-leavers: proportion of the population aged 18-24 having not completed upper secondary education and who are currently not in any education or training	Unit (x1)	%	7)									7.3	4.6	5.4
SI: Children aged 0-17 living in jobless households: share of children aged 0-17	Unit (x1)	%										10.4		
SI: Persons aged 18-59 living in jobless households: share of persons aged 18-59	Unit (x1)	%										13.2		

Standard of living	Scale	Unit		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Number of passenger cars / population	Unit (x1)	per 1000		164.5	187.1	205.4	222.5	234.1	258.4	269.3	280.0	291.2	301.3	311.6
Number of main telephone lines (fixed) / population	Unit (x1)	per 1000		266.6	309.1	325.5	346.2	360.3	382.2	386.5	379.2	379.1	377.6	376.9
Number of subscriptions to cellular mobile telephone services / population	Unit (x1)	per 1000		6.6	13.4	26.3	39.3	79.3	251.2	389.9	526.6	574.3	640.2	821.4

Infrastructure	Scale	Unit		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Density of railway network (lines in operation)	Unit (x1)	per 1000 km ²		47.7	47.7	47.7	47.8	47.8	47.8	47.8	47.8	47.7	47.7	47.7
Length of motorways	Thousand	km		0.30	0.30	0.30	0.30	0.40	0.40	0.40	0.50	0.60	0.70	0.80

Industry and agriculture	Scale	Unit		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Industrial production volume index (2000=100)	Unit (x1)	Number	10)	87.3	90.0	96.2	99.7	98.3	100.0	106.0	111.7	116.3	120.6	126.7

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Agricultural production volume indices of goods and services (at producer prices) (previous year = 100)		Unit (x1)	Number	11)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Innovation and research		Scale	Unit												
SI: Spending on human resources (public expenditure on education) as a share of GDP		Unit (x1)	%						4.2	4.5	4.2	4.3	4.2		
SI: Gross domestic expenditure on research & development, relative to GDP		Unit (x1)	%						1.0	1.2	1.1	1.1	1.1		
SI: Percentage of households who have Internet access at home. All forms of Internet use are included. The population considered is aged 16 to 74.		Unit (x1)	%												
Environment		Scale	Unit												
SI: Total greenhouse gases emissions, CO ₂ equivalent (1990=100)		Unit (x1)	Tonnes			70.4	73.9	79.5	82.7	82.6	85.1	88.5			
SI: Energy intensity of the economy		Unit (x1)	kg of oil equivalent per EUR 1000 GDP			409.2	409.8	414.8	548.6	491.6	485.5	481.3	510.6	478.9	
SI: Share of renewable energy in electricity consumption		Unit (x1)	%			42.6	56.1	37.7	44.4	39.4	42.3	36.7	32.7	45.8	
SI: Road freight transport as a share of total inland freight transport (Modal split of freight transport)		Unit (x1)	%	12)		38.4	39.1	38.6	37.9	37.1	75.9	76.4	76.2	76.6	76.0

e : estimate
f : forecast
p : provisional

1) 1995-2001, as of 30 June; 2002-2005, as of 1 January.

2) Source: Eurostat.

3) GFS 1986 basis. Privatisation revenues are excluded and reclassified to the financing of the balance.

4) The Croatian National Bank is using revised GDP data in comparison to the National accounts division of the Statistical Bureau.

5) Calculated on the basis of exports and import values expressed in US dollars. Change in methodology as of 1 January 2004.

6) Total number of migrants include Croatian citizens and permanently resident foreigners who reported/unreported their place of permanent residence in the Republic of Croatia at the Ministry of Interior.

7) Second half of the year.

8) Second half of the year. Before 2001 long-term unemployment refers to thirteen months or more; from 2001 onwards long-term unemployment refers to twelve months or more.

9) Data for 2005 were calculated according to Eurostat document "Methodology of calculation of common cross-sectional EU indicators", 2004.

10) Gross series; includes NACE Sections C to E.

11) Volume indices of agricultural production have been calculated on the basis of production data for 65 agricultural products since 1977; the moving average of producer's prices (purchase prices) in the last three years has been taken as a weighting factor for the calculation of the index.

12) From 2001 onwards, break in series; until 2000 data cover all legal entities with 5 or more freight vehicles, while transport performed by private individual road carriers (natural persons) was excluded; beginning in 2001 data cover the operation of legal entities and natural persons engaged in the transport of goods, with a random sample method being used to carry out the survey (vehicles selected for the sample are monitored during one week, road freight vehicles are defined with a loading capacity of over 3500 kg and must be registered with the Ministry of Interior).